



## CHINDIA: THE EMERGING POWER



**Siddharth Singh<sup>1</sup>**

<sup>1</sup>Student  
M.A. Economics  
Mahatma Gandhi Kashi  
Vidyapeeth  
Varanasi,  
U.P, India.

### ABSTRACT

**T**he paper intends to analyze the combined strength of China and India in respect to other four countries/regions. The countries/regions chosen are United States of America(USA), Euro Area, Russia and Australia. The analysis is done based on five indicators of Gross Domestic Product (GDP), Exports, Imports, Foreign Exchange Reserves and Gold Reserves. It can be seen that Chindia (China and India united) is one of the greatest emerging power in the world. On the five indicators analyzed Chindia scores well on all indicators. This leads us to believe that the future belongs to Asia and to Chindia in particular.

**KEY WORDS:** Chindia, Gross Domestic Product (GDP), Exports, Imports, Gold Reserves, Foreign Exchange Reserves

### INTRODUCTION

Chindia is a term used to refer China and India jointly. This was coined by Jairam Ramesh referring to the growing potential of the two countries of Asia. China and India are today two of the most populous countries of the world. This has been both a liability and an asset for the two countries. Because of the huge population the two countries face the problem of their better standards of living, of providing the basic necessities of life etc. On the other hand because of the large population the two countries have competitive labor costs. This competitive labor provides them market for the growth of economy and aids in production process. In case of India this has additional benefit in terms of 'demographic dividend'. Vast population of India is young which if properly reaped can be very fruitful for the future of India.

### RESEARCH OBJECTIVE AND METHODOLOGY

This paper aims to make an analysis of the growing power of two most populous countries of the world i.e. China and India with other developed countries/regions of the world. A comparison of values for United States of America (USA), Russia, Euro Area and Australia is done based on secondary data for five indicators. The five indicators used are Gross Domestic Product, Exports, Imports, Gold Reserves and Foreign Reserves. The paper has made a descriptive analysis based on the research papers in the area, articles in magazines, books, newspapers and websites. The main objective of the paper can be enlisted under

1. To look at the combined strength of China and India.
2. To compare the values for Chindia with other developed countries of the world.
3. To look at the obstacles in the growth of Chindia and suggest policy measures.

**DATA ANALYSIS****Table 1 The combined values of China and India (Chindia) for various indicators**

	Unit	China	India	Chindia
GDP (Dec 2014)	USD Billion	10360	2067	12427
Exports (June 2015)	USD Million	192000	22290	214290
Imports (June 2015)	USD Million	145500	33120	178620
Gold Reserves (March 2015)	Tonnes	1658	558	2216
Foreign Exchange Reserves (July 2015)	USD Million	3690000	354360	4044360

Source: <http://www.tradingeconomics.com/>

Table 1 shows the value of different indicators for China and India. The five indicators are Gross Domestic Product (GDP), Exports, Imports, Gold Reserves and Foreign Exchange Reserves. In the last column of the table the combined value for China and India (Chindia) is given.

**Table 2 Comparative analysis between Chindia and United States of America (USA)**

	Unit	Chindia	United States of America (USA)
GDP (Dec 2014)	USD Billion	12427	17419
Exports (June 2015)	USD Million	214290	188595
Imports (June 2015)	USD Million	178620	230466
Gold Reserves (March 2015)	Tonnes	2216	8133
Foreign Exchange Reserves (July 2015)	USD Million	4044360	119535

Source: <http://www.tradingeconomics.com/>

In table 2 the combined value of Chindia (obtained from table 1) is compared with the United States of America (USA). It can be seen that in most of the indicators United States of America has far greater value when compared to Chindia except on two indicators i.e. exports and foreign exchange reserves. It shows that major part of the earnings of China and India are export dependent and also that these two countries are reserves of foreign currency. On the other hand United States of America boasts of the largest Gross Domestic Product (GDP)

in the world and about 5000 USD Billion more than Chindia. The large value for imports shows that the United States of America (USA) economy is major importer of the world when compared to two of the largest populous countries of the world. This might be because of the high consumption rate in the United States of America (USA) and also may be because of the large importer of raw material. United States of America (USA) also has large gold reserves when compared to Chindia.

**Table 3 Comparative Analysis between Chindia and Euro Area**

	Unit	Chindia	Euro Area
GDP (Dec 2014)	USD Billion	12427	13403
Exports (June 2015)	USD Million	214290	338
Imports (June 2015)	USD Million	178620	153338
Gold Reserves (March 2015)	Tonnes	2216	505
Foreign Exchange Reserves (July 2015)	USD Million	4044360	325528

Source: <http://www.tradingeconomics.com/>

The table 3 above does a comparative analysis between Chindia and Euro Area. Chindia has less GDP than that of Euro Area but in terms of exports, imports,

gold reserves and foreign exchange reserves Chindia has greater value than Euro Area.

**Table 4 Comparative Analysis between Chindia and Russia**

	Unit	Chindia	Russia
GDP (Dec 2014)	USD Billion	12427	1861
Exports (June 2015)	USD Million	214290	30913
Imports (June 2015)	USD Million	178620	15604
Gold Reserves (March 2015)	Tonnes	2216	1238
Foreign Exchange Reserves (July 2015)	USD Million	4044360	361571

Source: <http://www.tradingeconomics.com/>

In table 4 a comparative analysis of the indicators for Chindia is done with Russia. It can be seen from the table that Chindia has better GDP, more imports and exports and more gold and foreign reserves when compared to Russia. This shows that Chindia when combined together has potential for becoming the next superpower of the world. After the disintegration of Soviet

Union, United States of America has emerged as the major superpower in the world and its dominance is still continuing but the emergence of developing countries like China and India has led to new paradigm in the economy of the world. United States of America now considers India and China has major power in comparison to present Russia.

**Table 5 Comparative Analysis between Chindia and Australia**

	Unit	Chindia	Australia
GDP (Dec 2014)	USD Billion	12427	1454
Exports (June 2015)	USD Million	214290	18558
Imports (June 2015)	USD Million	178620	20557
Gold Reserves (March 2015)	Tonnes	2216	79.84
Foreign Exchange Reserves (July 2015)	USD Million	4044360	48912

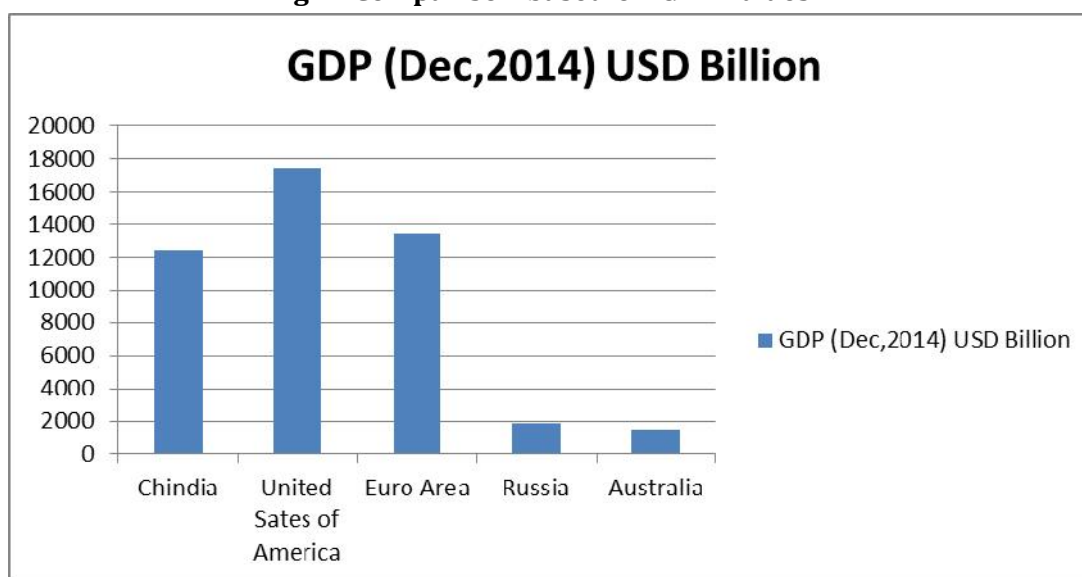
Source: <http://www.tradingeconomics.com>

The table 5 above compares Chindia with Australia. It can be noticed that Australia lacks far behind Chindia on all indicators. Australia may be dubbed as one of the developed countries but it stands far behind Chindia. The major factor may be the vast population of China and

India in comparison to Australia. The vast population and large size of these two countries have led to better GDP, imports, exports, gold reserves and foreign exchange reserves when compared to Australia.

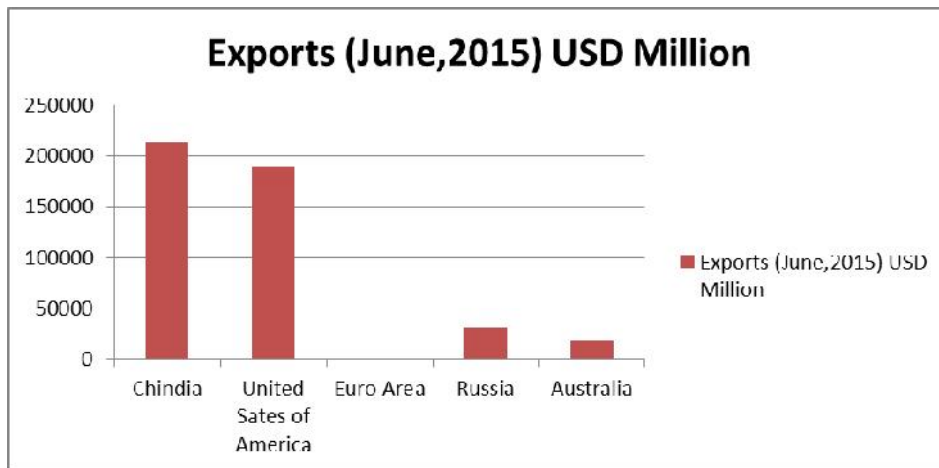
Below a graphical depiction is done for comparing Chindia with other major powers of the world.

**Fig 1: Comparison based on GDP values**



From figure1 it can be noticed that in terms of GDP, Chindia is behind United States of America (USA) and marginally behind the Euro Area. Chindia is far ahead of Russia and Australia in terms of GDP values.

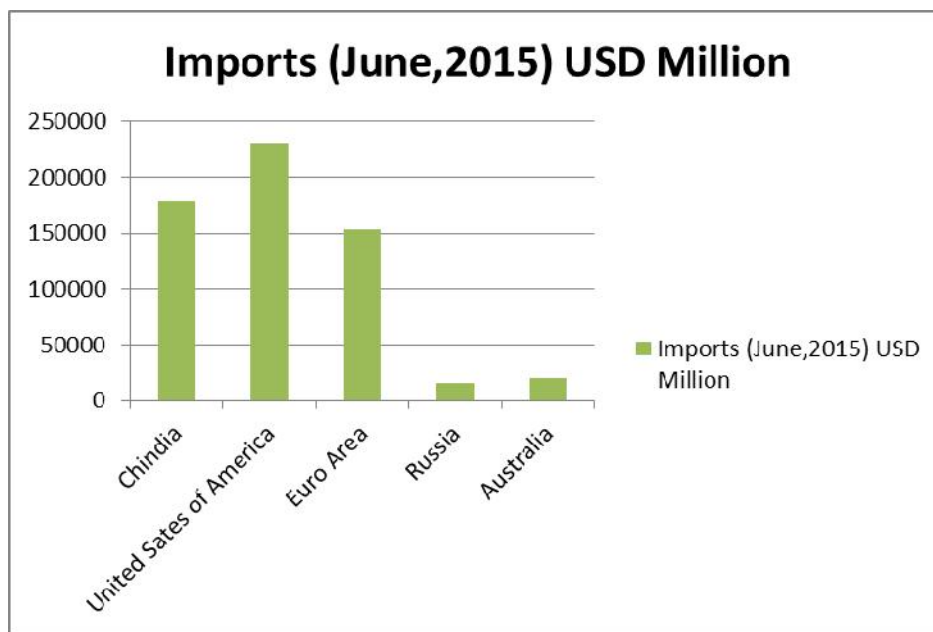
**Fig 2: Comparison based on Exports values**



Chindia is emerging today as big exporter in the world. The figure 2 above confirms this fact. Chindia is in fact ahead of all others (USA, Euro Area, Russia and Australia) in the exports. This is because China is emerging

as the world’s largest exporter of manufactured goods and India of the service sector. Both when combined are leading the export market of the world.

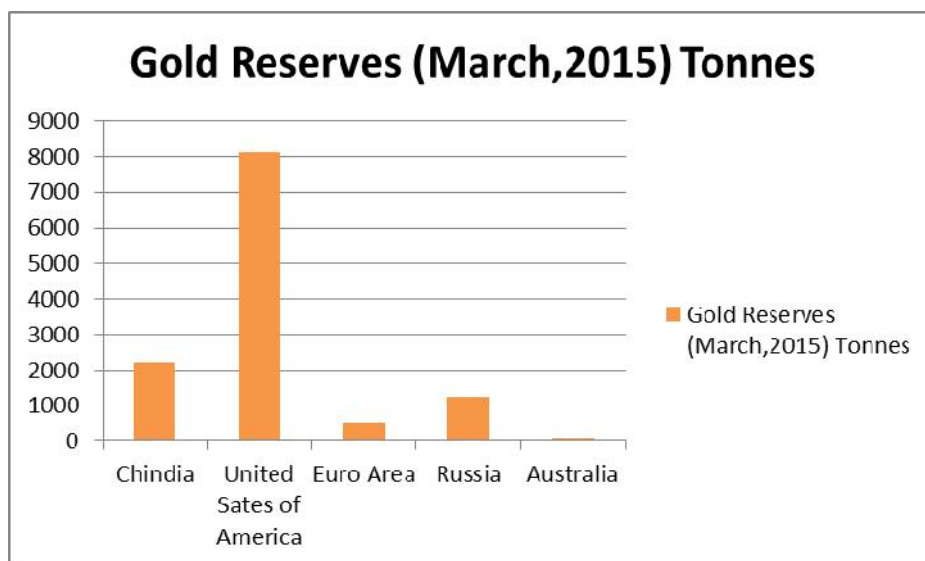
**Fig 3: Comparison based on Imports values**



Chindia has also large importer. In this analysis it can be seen that Chindia is the second largest importer of, only after United States of America (USA). Chindia is a large importer because of the large population the two

countries have. It imports food items to feed its population, manufactured goods for large consumption and also raw materials for domestic production.

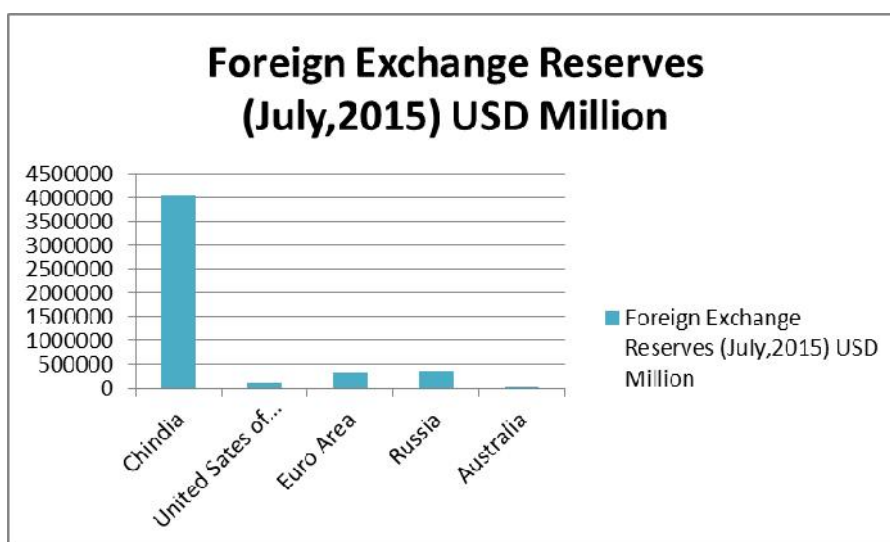
**Fig 4: Comparison based on Gold Reserves**



United States of America (USA) has the largest reserves of gold. The second largest gold reserves are with Chindia but it can be seen from the figure that there is big difference of almost 6000 tonnes. Among China and

India, India has overtaken China in gold consumption. Russia, Euro Area and Australia are respectively next in ranking but they are much below United States of America (USA) and Chindia.

**Fig 5: Comparison based on Foreign Exchange Reserves**



Chindia has the largest reserves of foreign exchange. Among the two countries (China and India) it is mainly China which has very large foreign exchange reserves. The reserves are mainly of US dollars and other world currencies. All other countries/regions have very small foreign exchange reserves. This may be because these are the countries whose currencies are held by other countries as foreign reserves. In other words the other countries/regions are providers of foreign exchange reserves.

**CONCLUSION**

Chindia is today emerging as the next superpower in the world. The two countries hold about 37% of the world’s populations, moving on the path of fast urbanization and infrastructure development. This has made them largest consumers of the world and a large market for the world. The analysis above also shows that Chindia, when combined together has largest exports and foreign exchange reserves. Also Chindia has the second largest imports and gold reserves and the third largest GDP values when compared to other countries/regions. This shows the vast potential China and India holds together. The need is to resolve the problems between

China and India and harness the growing potential of these two countries. The future belongs to these two countries and in turn to Asia.

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